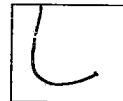


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02747A
Los Cerros Water Co., Inc.
4003 N. Flowing Wells Road
Tucson, AZ 85705



RECEIVED

FEB 28 2008

AL. CLARK, CLM
Director Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2007
----	----	------

FOR COMMISSION USE

ANN 04	07
--------	----

PROCESSED BY:

2-20-08

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>Los Cerros Water Co., Inc.</u>		
Mailing Address <u>4003 N. Flowing Wells Road</u>		
<u>Tucson,</u>	<u>AZ</u>	<u>85705-2404</u>
(City)	(State)	(Zip)
<u>(520) 293-5500</u>	<u>(520) 293-3810</u>	<u>(520) 401-0102</u>
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>loscerrowater@comcast.net</u>		
Local Office Mailing Address <u>Same</u>		
(Street)		
(City)	(State)	(Zip)
<u>Same</u>		
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>Same</u>		

MANAGEMENT INFORMATION

Management Contact: <u>Jody Carlson</u>		<u>Secretary</u>	
(Name)		(Title)	
<u>4003 N. Flowing Wells Road</u>	<u>Tucson,</u>	<u>AZ</u>	<u>85705-2404</u>
(Street)	(City)	(State)	(Zip)
<u>(520) 293-5500</u>	<u>(520) 293-3810</u>	<u>(520) 501-0102</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address <u>loscerrowater@comcast.net</u>			
On Site Manager: <u>Jody Corlson</u>			
(Name)			
<u>4003 N. Flowing Wells Road</u>	<u>Tucson,</u>	<u>AZ</u>	<u>85705-2404</u>
(Street)	(City)	(State)	(Zip)
<u>(520) 293-5500</u>	<u>(520) 293-3810</u>	<u>(520) 401-0102</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address <u>loscerrowater@comcast.net</u>			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Richard Blcok

(Name)

1660 East River Road

Tucson, AZ 85718

(Street)

(City)

(State)

(Zip)

(520) 577-7575

(520) 577-7599

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: Richard Blcok

(Name)

1660 East River Road

Tucson, AZ 85718

(Street)

(City)

(State)

(Zip)

(520) 577-7575

(520) 577-7599

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☒ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☒ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

Company Name: Los Cerros Water Co., Inc.

UTILITY PLANT IN SERVICE

Acct No	Description	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	\$ -	\$ -	\$ -
302	Franchises	\$ -	\$ -	\$ -
303	Land and Land Rights	\$ 5,650	\$ -	\$ 5,650
304	Structures and Improvements	\$ 11,126	\$ 9,842	\$ 1,284
307	Wells and Springs	\$ 480,047	\$ 134,198	\$ 345,849
311	Pumping Equipment	\$ 135,764	\$ 117,907	\$ 17,857
320	Water Treatment Equipment	\$ 2,691	\$ 865	\$ 1,826
330	Distribution Reservoirs and Standpipes	\$ 55,578	\$ 55,578	\$ -
331	Transmission and Distribution Mains	\$ 388,478	\$ 381,063	\$ 7,415
333	Services	\$ 118,101	\$ 74,605	\$ 43,496
334	Meters and Meter Installations	\$ 138,988	\$ 47,420	\$ 91,568
335	Hydrants	\$ 7,872	\$ 6,504	\$ 1,368
336	Backflow Prevention Devices	\$ -	\$ -	\$ -
339	Other Plant and Misc Equipment	\$ 2,750	\$ 990	\$ 1,760
340	Office Furniture and Equipment	\$ -	\$ -	\$ -
341	Transportation Equipment	\$ -	\$ -	\$ -
343	Tools, Shop and Garage Equipment	\$ -	\$ -	\$ -
344	Laboratory Equipment	\$ -	\$ -	\$ -
345	Power Operated Equipment	\$ -	\$ -	\$ -
346	Communication Equipment	\$ -	\$ -	\$ -
347	Miscellaneous Equipment	\$ 1,017	\$ 302	\$ 715
348	Other Tangible Plant	\$ -	\$ -	
	TOTALS	\$ 1,348,062	\$ 829,274	\$ 518,788

(AD) = This amount goes on the Balance Sheet Acct No 108

Company Name: Los Cerros Water Co., Inc.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct No	Description	Original Cost (OC)	Depreciation Percentage -2	Depreciation Expense (1 x 2)
301	Organization	\$ -		\$ -
302	Franchises	\$ -		\$ -
303	Land and Land Rights	\$ 5,650		\$ -
304	Structures and Improvements	\$ 11,126	5%	\$ 556
307	Wells and Springs	\$ 480,047	5%	\$ 24,002
311	Pumping Equipment	\$ 135,764	5%	\$ 6,788
320	Water Treatment Equipment	\$ 2,691	5%	\$ 135
330	Distribution Reservoirs and Standpipes	\$ 55,578	Final	\$ 307
331	Transmission and Distribution Mains	\$ 388,478	5%	\$ 19,424
333	Services	\$ 118,101	5%	\$ 5,905
334	Meters and Meter Installations	\$ 138,988	5%	\$ 6,949
335	Hydrants	\$ 7,872	5%	\$ 394
336	Backflow Prevention Devices	\$ -	5%	\$ -
339	Other Plant and Misc Equipment	\$ 2,750	5%	\$ 138
340	Office Furniture and Equipment	\$ -	5%	\$ -
341	Transportation Equipment	\$ -	5%	\$ -
343	Tools, Shop and Garage Equipment	\$ -	5%	\$ -
344	Laboratory Equipment	\$ -	5%	\$ -
345	Power Operated Equipment	\$ -	5%	\$ -
346	Communication Equipment	\$ -	5%	\$ -
347	Miscellaneous Equipment	\$ 1,017	5%	\$ 51
348	Other Tangible Plant	\$ -	5%	\$ -
	TOTALS	\$ 1,348,062		\$ 64,649

Depreciation Expense = This amount goes on the Comparative Statement of Income and Expense Acct No. 403

Company Name: Los Cerros Water Co., Inc.

BALANCE SHEET

Acct. No.	ASSETS	Balance at Beginning of Year	Balance at End of Year
CURRENT AND ACCRUED ASSETS			
131	Cash	\$44,643	\$51,271
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	\$19,387	\$14,530
146	Notes/Receivable from Associated Companies	\$0	\$0
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	\$868	\$650
	TOTAL CURRENT AND ACCRUED ASSETS	\$64,898	\$66,451
	FIXED ASSETS		
101	Utility Plant in Service	\$1,346,339	\$1,348,062
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	(\$772,058)	(\$829,274)
121	Non-Utility Property		
122	Accumulated Depreciatin - Non Utility		
	TOTAL FIXED ASSETS	\$574,281	\$518,788
	TOTAL ASSETS	\$639,179	\$585,239

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

Company Name: Los Cerros Water Co., Inc.

BALANCE SHEET (CONTINUED)

Acct. No.	ASSETS	Balance at Beginning of Year	Balance at End of Year
	CURRENT LIABILITIES		
231	Accounts Payable	\$924	\$123
232	Notes Payable (Current Portion)		
234	Notes/Accts Payable to Associated Companies		
235	Customer Deposits	\$102,028	\$87,796
236	Accrued Taxes	\$2,081	\$2,179
237	Accrued Interest		
241	Miscellaneous Current and Accured Liabilities		
	TOTAL CURRENT LIABILITIES	\$105,033	\$90,098
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$0	\$0
	DEFERRED CREDITS		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction	\$428,834	\$413,938
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	\$195,807	\$195,807
272	Less: Amortization of Contributions	(\$93,337)	(\$103,127)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$531,304	\$506,618
	TOTAL LIABILITIES	\$636,337	\$596,716
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 100,000	\$ 100,000
211	Paid in Capital in Excess of Par Value	\$ 103,550	\$ 103,550
215	Retained Earnings	\$ (200,708)	\$ (215,027)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 2,842	\$ (11,477)
	TOTAL LIABILITIES AND CAPITAL	\$ 639,179	\$ 585,239

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	Prior Year	Current Year
461	Metered Water Revenue	\$358,702	\$356,977
460	Unmetered Water Revenue	\$0	\$0
474	Other Water Revenues	\$8,256	\$5,744
	TOTAL REVENUES	\$366,958	\$362,721
	OPERATING EXPENSES		
601	Salaries and Wages	\$80,418	\$83,712
610	Purchased Water	\$0	\$0
615	Purchased Power	\$31,099	\$30,633
618	Chemicals	\$913	\$1,336
620	Repairs and Maintenance	\$34,973	\$16,817
621	Office Supplies and Expense	\$10,713	\$11,713
630	Outside Services	\$21,896	\$24,521
635	Water Testing	\$426	\$3,263
641	Rents	\$0	\$0
650	Transportation Expenses	\$3,447	\$1,901
657	Insurance - General Liability	\$3,400	\$3,543
659	Insurance - Health and Life	\$0	\$0
666	Regulatory Commission Expense - Rate Case	\$0	\$0
675	Miscellaneous Expense	\$5,069	\$2,295
403	Depreciation Expense***	\$57,244	\$54,859
408	Taxes other Than Income	\$7,533	\$8,329
408.11	Property Taxes	\$15,939	\$17,194
409	Income Tax	\$-	\$-
	TOTAL OPERATING EXPENSES	\$273,070	\$260,116
	OPERATING INCOME (LOSS)	\$93,888	\$102,605
	OTHER INCOME (EXPENSE)		
419	Interest and Dividend Income	\$294	\$215
421	Non-Utility Income	\$-	\$-
426	Miscellaneous Non-Utility Expenses	\$(195)	\$(6,592)
427	Interest Expense	\$(647)	\$(547)
	TOTAL OTHER INCOME (EXPENSE)	\$(548)	\$(6,924)
	NET INCOME (LOSS)	\$93,340	\$95,681

*** Depreciation	\$67,034	\$64,649
Less: A/A for CIAC	\$(9,790)	\$(9,790)
Total	\$57,244	\$54,859

COMPANY NAME: LOS CERROS WATER COMPANY, INC.

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	N/A			
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$81,546.00

Meter Deposits Refunded During the Test Year \$13,410.00

Company Name: Los Cerros Water Co., Inc.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (Inches)	Year Drilled
Wilds 55-802342	30	250	518'	10"	3"	1971
Fiesta 55-805783	10	130	N/A	8"	3"	N/A
LDO 55-804734	30	400	396'	10"	3"	1974
Silver Buckle 55-591958	20	100	564'	12"	3"	2003

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
3	2	52	
10	2		
7.5 (Silver Buckle)	3		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
60000 (LDO)	1	5000 (Fiesta/Wilds)	2
375000 (Silver Buckle)	1	20000 (Swan/LDO)	2
		5000 (Silver Buckle)	1

Company Name: Los Cerros Water Co., Inc.

Water Company Plant Description (Continued)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	7360
3	PVC	2395
4	PVC	24280
5		
6	PVC	29141
8	PVC	18532
10		
12	PVC	588

CUSTOMER METERS

Size (in inches)	Quantity
5/8 x 3/4	809
3/4	5
1	16
1 1/2	
2	7
Comp. 3	1
Turbo 3	
Comp. 4	
Turbo 4	
Comp 5	
Turbo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

LDO Chlorinator

Wilds Road Chlorinator

Chemical Pump

8 gpm Chemical Feed Pump

Siver Buckle Well - Plusatron Chemical Feed Pump (20 gal 3/8" Line)

STRUCTURES:

Existing Fences (Chainlink surrounding all 4 wells) Approx 29' x 20' area for each well site

Shed @ Wilds Road Well Site

Fence @ pumping stations

OTHER:

None

Company Name: Los Cerros Water Co., Inc.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLONS PUMPED (Thousands)
JANUARY	815	5370	5801
FEBRUARY	819	5944	6450
MARCH	810	5836	6335
APRIL	810	7162	7426
MAY	816	8187	9041
JUNE	815	9629	10352
JULY	806	10114	10986
AUGUST	815	7776	8420
SEPTEMBER	809	8955	9730
OCTOBER	804	8721	9529
NOVEMBER	814	7605	8285
DECEMBER	816	5717	6253
TOTAL		91016	98608

Is the Water Utility located in an ADWR Active Management Area (AMA)?

(X) YES () NO

Does the Company have an ADWR Gallons Per Capital Per Day (GPCPD) Requirement?

() YES (X) NO

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system?

(If more than one well, please list each separately.)

	mg/l
Wilds Road Well	<0.001
Fiesta Wells	<0.001
Lago Del Oro Well	<0.001
Silver Buckle Well	<0.001

NOTE: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Los Cerros Water Co., Inc. YEAR ENDING 12/31/2007

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2007 was: \$ 17,194.00

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

FEB 26 2008

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) Pima
NAME (OWNER OR OFFICIAL) TITLE Alan R. Friedman, President
COMPANY NAME Los Cerros Water Co., Inc.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

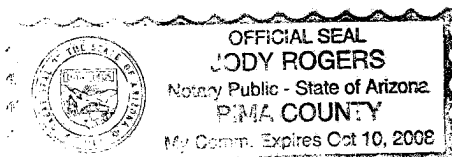
MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



Alan R. Friedman
SIGNATURE OF OWNER OR OFFICIAL
(520) 293-5500
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

25th

DAY OF

COUNTY NAME Pima	
MONTH FEB	2008

(SEAL)

MY COMMISSION EXPIRES OCT 10, 2008

Jody Rogers
SIGNATURE OF NOTARY PUBLIC
Jody Carlson

COMPANY NAME Los Cerros Water Co., Inc.

YEAR ENDING 12/31/2007

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>\$129,769.00</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>\$129,769.00</u>
Estimated or Actual State Tax Liability	<u>0</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Alan R. Friedman
SIGNATURE

02/25/08
DATE

Alan R. Friedman
PRINTED NAME

President
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Pima</u>
NAME (OWNER OR OFFICIAL) TITLE <u>Alan R. Friedman, President</u>
COMPANY NAME <u>Los Cerros Water Co., Inc.</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

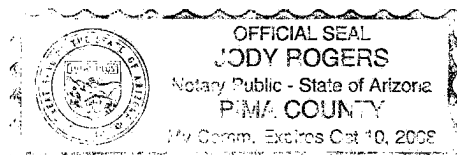
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:



Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 384,229

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 21,508

IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Alan R. Friedman
SIGNATURE OF OWNER OR OFFICIAL
(520) 293-5500

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

25th

DAY OF

(SEAL)

COUNTY NAME	<u>Pima</u>	
MONTH	<u>FEB</u>	<u>2008</u>

MY COMMISSION EXPIRES OCT 10, 2008

Jody Rogers
SIGNATURE OF NOTARY PUBLIC
Jody Carlson

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

FEB 26 2008

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Pima	
NAME (OWNER OR OFFICIAL) Alan R Friedman	TITLE President
COMPANY NAME Los Cerros Water Co., Inc.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 363,269

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 19,972
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

Alan R Friedman
SIGNATURE OF OWNER OR OFFICIAL

(520) 293-5500

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

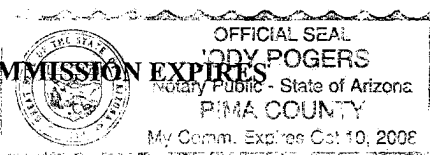
25th

DAY OF

NOTARY PUBLIC NAME	Jody Rogers and Jody Carlson	
COUNTY NAME	Pima	
MONTH	Feb	2008

(SEAL)

MY COMMISSION EXPIRES



X

Jody Rogers Jody Carlson
SIGNATURE OF NOTARY PUBLIC

OCT 10, 2008.

Beth Ford
Pima County Treasurer



Patti Davidson
Chief Deputy Treasurer

PIMA COUNTY TREASURER'S OFFICE

PIMA COUNTY TAX RECEIPT

LOS CERROS WATER CO INC
ATTN: JODY CARLSON
4003 N FLOWING WELLS ROAD
TUCSON AZ 85705-2404

THIS IS YOUR RECEIPT FOR PAYMENT(S) OF 2007 REAL ESTATE TAXES

BOOK	MAP	PARCEL	TOTAL TAX ASSESSED	DATE
916	81	0060	\$ 17,144.85	11/19/2007

PAYMENTS					
PAYMENT DATE	DESCRIPTION	TAX PAID	INTEREST PAID	FEES PAID	TOTAL
11/06/2007	SECOND HALF	\$8,572.42	\$0.00	\$0.00	\$8,572.42
	TOTAL PAID	\$8,572.42	\$0.00	\$0.00	\$8,572.42

PROPERTY ADDRESS

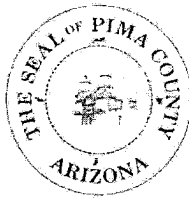
TAX YEAR 2007 BALANCE DUE

DESCRIPTION	AMOUNT
FIRST HALF TAX DUE	\$0.00
SECOND HALF TAX DUE	\$0.00
NSF FEE DUE	\$0.00
RECLAIMED REFUND DUE	\$0.00
TOTAL AMOUNT DUE	\$0.00

Thank you for your payment!

BETH FORD
PIMA COUNTY TREASURER

Beth Ford
Pima County Treasurer



Patti Davidson
Chief Deputy Treasurer

PIMA COUNTY TREASURER'S OFFICE

PIMA COUNTY TAX RECEIPT

LOS CERROS WATER CO INC
ATTN: JODY CARLSON
4003 N FLOWING WELLS ROAD
TUCSON AZ 85705-2404

THIS IS YOUR RECEIPT FOR PAYMENT(S) OF 2007 REAL ESTATE TAXES

BOOK	MAP	PARCEL	TOTAL TAX ASSESSED	DATE
222	37	0130	\$ 16.49	10/8/2007

PAYMENTS

PAYMENT DATE	DESCRIPTION	TAX PAID	INTEREST PAID	FEES PAID	TOTAL
10/03/2007	FULL YEAR	\$16.49	\$0.00	\$0.00	\$16.49
	TOTAL PAID	\$16.49	\$0.00	\$0.00	\$16.49

PROPERTY ADDRESS

TAX YEAR 2007 BALANCE DUE

DESCRIPTION	AMOUNT
FIRST HALF TAX DUE	\$0.00
SECOND HALF TAX DUE	\$0.00
NSF FEE DUE	\$0.00
RECLAIMED REFUND DUE	\$0.00
TOTAL AMOUNT DUE	\$0.00

Thank you for your payment!

BETH FORD
PIMA COUNTY TREASURER

Beth Ford
Pima County Treasurer



Patti Davidson
Chief Deputy Treasurer

PIMA COUNTY TREASURER'S OFFICE

PIMA COUNTY TAX RECEIPT

LOS CERROS WATER CO INC
ATTN: JODY CARLSON
4003 N FLOWING WELLS ROAD
TUCSON AZ 85705-2404

THIS IS YOUR RECEIPT FOR PAYMENT(S) OF 2007 REAL ESTATE TAXES

PARCEL	APN	PARCEL	TOTAL TAX ASSESSED	DATE
916	81	0060	\$ 17,144.85	10/8/2007

PAYMENTS

PAYMENT DATE	DESCRIPTION	TAX PAID	INTEREST PAID	FEES PAID	TOTAL
10/03/2007	FIRST HALF	\$8,572.43	\$0.00	\$0.00	\$8,572.43
	TOTAL PAID	\$8,572.43	\$0.00	\$0.00	\$8,572.43

PAID BY CHECK

TAXES DUE (PAID BY CHECK)

DESCRIPTION	AMOUNT
FIRST HALF TAX DUE	\$0.00
SECOND HALF TAX DUE	\$8,572.42
NSF FEE DUE	\$0.00
RECLAIMED REFUND DUE	\$0.00
TOTAL AMOUNT DUE	\$8,572.42

ADDITIONAL INFORMATION

FIRST HALF TAXES ARE DUE 10/01/2007 AND DELINQUENT AFTER 11/01/2007. SECOND HALF TAXES ARE DUE 03/01/2008 AND DELINQUENT AFTER 05/01/2008. INTEREST CHARGES ACCRUE FOR PAYMENTS MADE AFTER DELINQUENCY DATES. FOR PAYMENT INFORMATION AFTER DELINQUENCY DATES, PLEASE CALL (520) 740-8341 OR VISIT WWW.TO.PIMA.GOV

Thank you for your payment!

BETH FORD
PIMA COUNTY TREASURER

115 North Church Avenue - Tucson, Arizona 85701-1199 - Phone (520) 740-8341 - Fax (520) 884-4809